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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

## PAID UP OIL AND GAS LEASE

(No Surface Use)

whose addresses is 47.3 L SALL STATE TO SET LOSS ACCOUNTS AND A STATE TO SET LOSS ACCOUNTS AND A STATE STATE AND A STATE STATE STATE AND A STATE STATE AND A STATE	THIS LEASE AGREEMENT is made this day of This 20	008, by and between
and, DALE PROPERTY SERVICES, LL.C. 2100 Ross Avenue, Suito 1107 Onlies 7 opens 75207, as Lesses. All printed portions of this lesses were prepared by the party bereinshove named as Lesses, but all other provisions (including the completion of biank spaces) were prepared jointly by Lesson and Lesson.  1. In consideration of a cash boards in hand paid and the covenants herein contained, Lessor hereby grants, lesses and lets exclusively to Lessee the following described land, hereinsfler called deeped premises:  CLSD ACRES OF LAND, MORE OR LESS, BEING LOT(S)  OUT OF THE  MILE MARKET COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN THE PLAT RECORDED OF THE PLAT RECORD	Chales Hamad and Abder Rahman Ethanad both single po	eople
IN VOLUME	and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Sulte 1870 Dallas Texas 75201, as Lessee. All printed portion hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor at 1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and	ons of this lease were prepared by the party and Lessee.
reversion, prescription of otherwise), for the purpose of exploiting for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seimic operations). The term "gas" as used herein includes helium, cathon individe and other commercial gases, as well as hydrocarbon gases, in addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of ind now or hereafter owned by Lessen's request any additional or supplemental instruments for a more campiete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.  2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of	OUT OF THE Milet ADDITION,  TOT LOUTE TO THE TOTAL TOTAL TEXAS, ACCORDING TO THE	AN ADDITION TO THE CITY OF AT CERTAIN PLAT RECORDED
as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from tends pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.  3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Total Fire Wall at Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts enlered into on more wells on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such wells are white such as the date on which there is such a prevailing oil or gas or other substances covered hereby in paying quantities or such wells are subtained on hydraulic fracture stimulation, but such well or wells are either subtained to be producting in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shall nevertheless to be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period o	reversion, prescription of charwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along we substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein in commarcial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers according to the above-described leased premises, and, in consider the continuous productions of adjacent to the above-described leased premises, and, in consider the continuous productions are continuously additional or supplemental instruments for a more complete or accurate description.	with all hydrocarbon and non hydrocarbon ncludes helium, carbon dloxide and other ccretions and any small strips or parcels of Jerallon of the aforementioned cash bonus, ion of the land so covered. For the purpose
address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fall or refuse to accept	as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or otherwise maintained in effect pursuant to the provisions hereof.  3. Royalities on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: separated at Lessee's separator facilities, the royalty shall be	from lands pooled therewith or this lease is (a) For oil and other liquid hydrocarbons cilon, to be delivered at Lessee's option to finding right to purchase such production at the nearest field in which there is such a ces covered hereby, the royally shall be oportionate part of ad valorem taxes and uch gas or other substances, provided that similar quality in the same field (or if there is parable purchase contracts entered into on a primary term or any time thereafter one or ad hereby in paying quantities or such wells easee, such well or wells are shull nevertheless such well or wells are shull no production such payment to be made to Lessor or to noiversary of the end of said 90-day period g maintained by operations, or if production due until the end of the 90-day period next or the amount due, but shall not operate to the depository or its successors, which shall may be made in currency, or by check or by the depository or to the Lessor at the last

5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force if shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with on cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill

to the teverole released premises from uncompensated drainage by any well or wells located on other lands not peoled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

8. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or Interest therein with any other lands or interests, as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well into is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or a horizontal completion is conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gro

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shul-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate it. such part of the leaned premises

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 day after Lessoe has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee c until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shuf-in royalite hereunder, Lessee may pay or tender such shuf-in royalites to the credit of decedent or decedent's estate in the depository designated above. If at any time two or mon persons are entitled to shuf-in royalites hereunder, Lessee may pay or tender such shuf-in royalities to such persons or to their credit in the depository, either jointly of separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafte arising with respect to the transferred interest, and failure of the transferred to satisfy such obligations with respect to the transferred interest shall not affect the rights of

Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shull-in royalities hereunder shall be divided between Lessee and the transferse in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released if Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shull-in royalites shall be proportionately reduced the respect to the proportionately redu

in accordance with the net acreage interest retained hereunder.

In accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas-and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire teased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay (or damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during

equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from 12. In the event that Lessor during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other perlinent terms and conditions of the offer. Lessee, for a period of filteen days after receipt of the notice, shall have the prior and praferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and cond

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any dalm inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until

Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

operations

operations,
17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.
DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and has owners. which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor

ACKNOWLEDGMENT COUNTY OF was adknowledged before me on the 2008.

BRADLEY ZHANEL Notary Public, State of Texas My Commission Expires

e (printed):

STATE OF

LESSOR (WHETHER ONE OR MORE)

This instrument Ghales

UNTY OF Tarrant
This Instrument was acknowledged before me on the Asdor Roman (144-COUNTY OF

Hamad

2008,

**BRADLEY ZHANEL** 

Notary Public, State of Texas My Commission Expires June 09, 2010

June 09, 2010

e (printed):

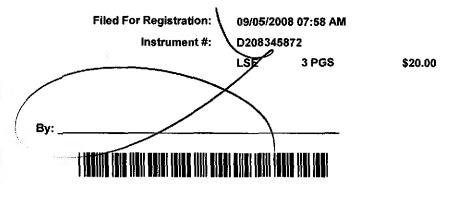


DALE PROPERTY SERVICES LLC ATTN: ANN VANDENBERG 2100 ROSS AVE, STE 1870, LB-9 DALLAS TX 75201

Submitter: DALE RESOURCES LLC

## SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>



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